



Memorandum # 18/2006

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
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MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Regular Compensation and Motor Vehicle Usage

DATE: March 9, 2006

This Memorandum is intended to assist in the implementation of Essex County Superior Court Judge Riley's Decision and Order in the cases dealing with the status as regular compensation of the value of personal use of an employer-supplied motor vehicle (*Richard Shafer, et al v. Contributory Retirement Appeal Board*). If you wish to receive a copy of the decision, please contact Susan Childs, PERAC Legal Unit, (617) 666-4446 Ext. 907.

Judge Riley remanded the cases to CRAB or to the appropriate Retirement Board for further proceedings consistent with his decision. The Court found that CRAB was wrong "as a matter of law" when it ruled that GL c. 32, § 1 excludes the value of personal use of an employer supplied motor vehicle from the definition of regular compensation. In general, Judge Riley concurred with PERAC's position that the value of personal use of an employer-supplied motor vehicle may be considered as regular compensation. He provided additional criteria that Retirement Boards are to apply when determining whether the personal use value of employer-supplied motor vehicles should be included in a member's "regular compensation."

Attached is a copy of PERAC Memorandum #41/2001 and the Annual Lease Value Table that accompanied that Memorandum. In addition, attached is a revised Worksheet and a Questionnaire incorporating the criteria set forth in Judge Riley's decision to assist members in presenting information to establish eligibility. If a Retirement Board is satisfied that there is sufficient documentation answering each of the four questions in the affirmative, the personal use value of such employer-supplied vehicle should be calculated using the Worksheet. If additional information is required to answer the four questions, Retirement Boards should conduct further inquiries, request additional documentation, and, if necessary, schedule hearings.

Attachments